

**House Bill 1319**  
**North Dakota Retirement and Investment Office (RIO)**  
**Testimony before Senate Industry & Business**  
**Senator Jeff Barta, Chair**

**Jodi Smith – Interim Executive Director**

**I. RIO STATUTORY AUTHORITY AND RESPONSIBILITIES**

The Retirement and Investment Office (hereinafter “RIO”) was created by the 1989 Legislative Assembly to capture administrative and investment cost savings in the management of the investment program of the State Investment Board (SIB) and the retirement program of the Teachers’ Fund for Retirement (TFFR). Statutory authority for the agency is found in North Dakota Century Code chapter 54-52.5 and the programs are governed by chapters 21-10 (SIB) and 15-39.1 (TFFR).

The SIB has the statutory responsibility to administer the investment program for 31 funds, including the Legacy Fund, TFFR, PERS, and WSI. It also maintains contractual relationships for the investment management of multiple political subdivisions and governmental funds. Currently, SIB is responsible for the investment of the Legacy Fund, seven pension funds, and 23 other non-pension funds for a total of 31 separate client funds with an overall fund value of roughly \$23 billion as of October 31, 2024.

**II. LEGACY FUND OVERVIEW**

The North Dakota Legacy Fund was established in 2010 following the passage of a constitutional amendment approved by North Dakota voters. The fund was created to ensure that a portion of the state’s tax revenues from oil and gas production would be set aside for the long-term benefit of North Dakotans, securing financial stability for future generations.

The Legacy Fund operates as a sovereign wealth fund, receiving 30% of all oil and gas tax revenues collected in the state. Since its inception, the fund has grown significantly and had an asset value of **\$11.49 billion as of October 31, 2024**. It serves as a strategic financial resource for the state, generating investment earnings that can be utilized for various purposes, including legislative appropriations, infrastructure investments, economic diversification initiatives, and maintaining financial reserves to mitigate economic downturns.

During the **2023-2025 biennium**, the Legacy Fund generated **\$601 million in earnings**, demonstrating its importance in supplementing the state’s general fund and supporting long-term financial sustainability. The SIB governs investment decisions regarding the fund, ensuring that assets are allocated prudently across diverse asset classes to maximize long-term returns while managing risk.

### **III. SUPPORT TESTIMONY RELATING TO H.B. 1319**

HB 1319 requires the establishment of a Legacy Fund disclosure website. RIO and SIB are in full support of establishing a website dedicated to the Legacy Fund.

Currently, the RIO website has a page dedicated to the Legacy Fund that outlines:

- Legacy Fund Investment Policy Statement
- In-State Investment Program
- Legacy Fund Value
- Biennium Earnings
- Financial Statements
- Performance Statements
- Investment Performance Quarterly Review
- Asset Allocation Study

While a wealth of information is provided on the RIO website, most information is provided in lengthy PDFs and can be challenging for someone who isn't an investment manager to decipher.

The current presentation of the material leads to multitudes of requests for information, 33 requests over the past calendar year (approximately 30% of all of the agency's open records requests). It is anticipated that a website dedicated to the Legacy Fund will vastly reduce these requests.

Additionally, RIO frequently receives questions on Legacy Fund earning's spending. The RIO and Office of the State Treasurer websites both report the Legacy Fund earnings; however, there is currently not a website that reports how the legislature allocated spending. The Legislative Council website reports on bills that were passed in previous sessions. However, a constituent would need to know that this is available on that website. A general search of "legacy fund spending" web portal does not provide the Legislative Council website as a resource. If a constituent knows previous biennium bills are posted on Legislative Councils website, they then need to understand how to navigate that website to search through the bills from the past biennium to in order to determine the extent of the spending.

### **IV. SUMMARY**

RIO and the SIB share the Legislature's commitment to responsible and transparent governance of the Legacy Fund and are in support of HB 1319 as passed by the House.